
HOUSE BILL No. 1502

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-4-34; IC 6-3.1-25; IC 20-12-20.3; IC 22-4.1-7.

Synopsis: Indiana growth scholars program. Establishes the growth scholars fund and program. Provides appropriations to the growth scholars program and the related certified degree program from securitized payments received under the tobacco master settlement agreement. Provides a tax credit against state tax liability for employers that provide employment in targeted employment areas for students and graduates participating in the growth scholars program. Provides for certification of degree programs related to the growth scholars program.

Effective: Upon passage; January 1, 2003 (retroactive); July 1, 2003.

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January 15, 2003, read first time and referred to Committee on Ways and Means.



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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

HOUSE BILL No. 1502

A BILL FOR AN ACT to amend the Indiana Code concerning education finance and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-4-34 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2003]:

4 **Chapter 34. Energize Indiana Growth Scholars Fund**

5 **Sec. 1. As used in this chapter, "authority" refers to an**
6 **authority, separate from the state, established to securitize**
7 **payments received under the master settlement agreement (as**
8 **defined in IC 24-3-3-6).**

9 **Sec. 2. As used in this chapter, "fund" refers to the energize**
10 **Indiana growth scholars fund established by section 3 of this**
11 **chapter.**

12 **Sec. 3. The energize Indiana growth scholars fund is established**
13 **for the purpose of providing the necessary money for projects and**
14 **programs that will energize academic achievement and economic**
15 **development through an Indiana growth scholars program.**

16 **Sec. 4. The fund shall be administered by the budget agency.**

17 **Sec. 5. The expenses of administering the fund shall be paid**



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from money in the fund. Interest that accrues from these investments shall be deposited in the fund.

Sec. 6. The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested.

Sec. 7. Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 8. The authority shall make the following distributions for deposit in the fund on the schedule approved by the budget agency:

(1) Thirty-five million seven hundred thousand dollars (\$35,700,000) in the state fiscal year beginning July 1, 2003, and ending June 30, 2004.

(2) Thirty-two million six hundred thousand dollars (\$32,600,000) in the state fiscal year beginning July 1, 2004, and ending June 30, 2005.

(3) Thirty-three million one hundred thousand dollars (\$33,100,000) in the state fiscal year beginning July 1, 2005, and ending June 30, 2006.

(4) Thirty-three million six hundred thousand dollars (\$33,600,000) in the state fiscal year beginning July 1, 2006, and ending June 30, 2007.

Sec. 9. If the authority has insufficient money to make the total amount of transfers required by law for any fiscal year, the authority shall make transfers for that fiscal year as directed by the budget agency after review by the budget committee.

Sec. 10. The following amounts are appropriated from money distributed under section 8 of this chapter to the fund for use by the state student assistance commission for the specified periods for the total operating expenses, including grants and administrative expenses and the costs of the internship payroll credit under IC 6-3.1-25, of the Indiana growth scholars program under IC 20-12-20.3:

(1) Twenty-seven million dollars (\$27,000,000) in the state fiscal year beginning July 1, 2003, and ending June 30, 2004.

(2) Twenty-three million five hundred thousand dollars (\$23,500,000) in the state fiscal year beginning July 1, 2004, and ending June 30, 2005.

(3) Twenty-three million five hundred thousand dollars (\$23,500,000) in the state fiscal year beginning July 1, 2005, and ending June 30, 2006.

(4) Twenty-three million five hundred thousand dollars (\$23,500,000) in the state fiscal year beginning July 1, 2006,

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and ending June 30, 2007.

(5) Four million dollars (\$4,000,000) in each state fiscal year beginning July 1, 2003, and ending June 30, 2007, to the state general fund to offset the costs of the internship payroll credit under IC 6-3.1-25.

Sec. 11. The following amounts are appropriated from money distributed under section 8 of this chapter to the fund for use by the state student assistance commission for the specified periods for the total operating expenses, including grants and administrative expenses, of the certified degree program under IC 22-4.1-7:

(1) Four million seven hundred thousand dollars (\$4,700,000) in the state fiscal year beginning July 1, 2003, and ending June 30, 2004.

(2) Five million one hundred thousand dollars (\$5,100,000) in the state fiscal year beginning July 1, 2004, and ending June 30, 2005.

(3) Five million six hundred thousand dollars (\$5,600,000) in the state fiscal year beginning July 1, 2005, and ending June 30, 2006.

(4) Six million one hundred thousand dollars (\$6,100,000) in the state fiscal year beginning July 1, 2006, and ending June 30, 2007.

Sec. 12. This chapter expires June, 30, 2007.

SECTION 2. IC 6-3.1-25 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]:

Chapter 25. Internship Payroll Credit

Sec. 1. As used in this chapter, "certified degree program" has the meaning set forth in IC 22-4.1-7-1.

Sec. 2. As used in this chapter, "graduate" means a graduate of an institution of higher learning in Indiana who:

(1) participated in a certified degree program; and

(2) remains and is employed in Indiana in targeted employment after the student graduates from the certified degree program for the period of years following graduation equal to the number of years for which the student received a grant under IC 20-12-20.3 in order to comply with the individual's agreement under IC 20-12-20.3-10.

Sec. 3. As used in this chapter, "institution of higher learning" has the meaning set forth in IC 20-12-20.3-5.

Sec. 4. As used in this chapter, "pass through entity" means:



- (1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);
- (2) a partnership;
- (3) a limited liability company; or
- (4) a limited liability partnership.

Sec. 5. As used in this chapter, "payroll expenditures" means wages and other compensation reportable as taxable income to a student or graduate.

Sec. 6. As used in this chapter, "state tax liability" means the total tax liability incurred under:

- (1) IC 6-3 (adjusted gross income tax);
- (2) IC 6-5.5 (the financial institutions tax); and
- (3) IC 27-1-18-2 (insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 7. As used in this chapter, "student" has the meaning set forth in IC 22-4.1-7-5.

Sec. 8. As used in this chapter, "targeted employment" has the meaning set forth in IC 22-4.1-7-6.

Sec. 9. As used in this chapter, "taxpayer" means an individual or entity that has state tax liability or is a pass through entity.

Sec. 10. (a) A taxpayer that during a taxable year:

- (1) employs in targeted employment at least one (1) student or graduate; and
- (2) complies with the terms of the internship or postgraduate component of a certified degree program through which the student was placed with the taxpayer;

is entitled to a credit against the taxpayer's state tax liability in the taxable year.

(b) A taxpayer that during a taxable year employs in targeted employment a student or graduate of a certified degree program is entitled to a credit against the taxpayer's state tax liability in the taxable year.

Sec. 11. A credit under this chapter is equal to the sum of:

- (1) five hundred dollars (\$500) for each targeted employment position:

- (A) filled by a student in or a graduate of a certified degree program certified by the state student assistance commission, in consultation with the department of workforce development and the commission for higher education under IC 22-4.1-7; and

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(B) approved by the sponsoring institution of higher learning; plus

(2) the lesser of:

(A) the payroll expenditures incurred by the taxpayer in the taxable year to employ the student or graduate in targeted employment; or

(B) five hundred dollars (\$500).

Sec. 12. If the credit for which a taxpayer is eligible in a taxable year under this chapter exceeds the taxpayer's state tax liability for the taxable year, the taxpayer may carry over the excess to the immediately following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to any carryback or refund.

Sec. 13. If a pass through entity does not have state income tax liability against which the credit under this chapter may be applied, a shareholder, partner, or member of the pass through entity is entitled to a credit equal to:

(1) the credit determined under this chapter for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

Sec. 14. To receive a credit under this chapter, a taxpayer must claim the credit on the taxpayer's state tax return in the manner prescribed by the department. The taxpayer must submit to the department proof of payment of the payroll expenditures and all information that the department determines is necessary to determine the taxpayer's eligibility for the credit.

Sec. 15. A taxpayer is not eligible to receive both a credit for an employee under this chapter and a credit or deduction for the same employee under any of the following:

(1) IC 6-3-3-10 (enterprise zone employment credit).

(2) IC 6-3.1-6 (prison investment credit).

SECTION 3. IC 20-12-20.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

Chapter 20.3. Indiana Growth Scholars Program

Sec. 1. As used in this chapter, "certified degree program" has the meaning set forth in IC 22-4.1-7-1.

Sec. 2. As used in this chapter, "commission" refers to the

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student assistance commission established by IC 20-12-21-4.

Sec. 3. As used in this chapter, "eligible employer" means an employer that provides employment to an eligible student in targeted employment (as defined in IC 22-4.1-7-6) through the internship component of a certified degree program under IC 22-4.1-7. The term includes the following:

- (1) A person (as defined in IC 6-3-1-14) acting as a sole proprietor.
- (2) A corporation (as defined in IC 6-3-1-10).
- (3) A partnership (as defined in IC 6-3-1-19).

Sec. 4. As used in this chapter, "eligible student" means a student (as defined in IC 22-4.1-7-5) who:

- (1) is enrolled full time as an undergraduate in a certified degree program through an institution of higher learning;
- (2) is an Indiana resident;
- (3) has achieved a Core 40 or an Academic Honors Diploma, or the equivalent of a Core 40 or an Academic Honors Diploma, as determined by the commission; and
- (4) has a cumulative high school grade point average of at least 3.0 on a 4.0 scale.

The commission may impose additional eligibility requirements, including requirements set forth in IC 20-12-21-6.

Sec. 5. As used in this chapter, "institution of higher learning" means:

- (1) a state educational institution (as defined in IC 20-12-0.5-1); or
- (2) a private institution of higher education (as defined in IC 20-12-63-3(10)).

Sec. 6. (a) The Indiana growth scholars program is established.

(b) The commission shall administer the program.

Sec. 7. The executive director of the commission may employ or contract for clerical and professional staff and administrative support necessary to implement this chapter.

Sec. 8. The commission shall award a grant to an eligible student who:

- (1) is enrolled in good standing in a certified degree program;
- (2) enters into an agreement with the commission under this chapter; and
- (3) complies with the requirements established under the rules of the commission.

Sec. 9. (a) The amount of a grant awarded under section 8 of this chapter may be up to four thousand dollars (\$4,000) per state



fiscal year.

(b) The commission may consider any of the following factors in determining the amount of the grant to award under section 8 of this chapter:

(1) Whether sufficient money has been appropriated to fully fund all eligible students.

(2) Whether an eligible student is enrolled in a certified degree program for less than a state fiscal year.

(3) Whether a student receives additional aid from other state assistance programs.

(4) Any other factor set forth in the rules of the commission.

Sec. 10. An eligible student must enter into an agreement with the commission to be eligible for a grant under this chapter. The agreement must include the following requirements:

(1) The eligible student must remain enrolled in good standing in a certified degree program during the term of the grant.

(2) The eligible student must remain and be employed in Indiana after the student graduates from the certified degree program for a period of years equal to the number of years for which the student received a grant under this chapter.

The agreement may include any other provisions that the commission considers necessary to administer this chapter.

Sec. 11. The commission may collect grants made to eligible students under section 8 of this chapter if the requirement under section 10(2) of this chapter is not satisfied.

Sec. 12. The commission shall enter into agreements with institutions of higher learning to implement this chapter.

Sec. 13. The commission may adopt rules under IC 4-22-2 that are necessary or appropriate to implement this chapter. The rules that are adopted under this chapter may include rules establishing different standards or procedures for resident and nonresident students.

SECTION 4. IC 22-4.1-7 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 7. Certified Degree Programs

Sec. 1. As used in this chapter, "certified degree program" means a degree program that:

(1) is certified by the commission in consultation with the department and the commission for higher education;

(2) addresses the areas of targeted employment; and

(3) includes an internship component described in section 7 of



1 this chapter.

2 Sec. 2. As used in this chapter, "commission" refers to the state
3 student assistance commission established by IC 20-12-21-4.

4 Sec. 3. As used in this chapter, "employer" has the meaning set
5 forth in IC 22-8-1.1-1.

6 Sec. 4. As used in this chapter, "institution of higher learning"
7 means:

8 (1) a state educational institution (as defined in
9 IC 20-12-0.5-1); or

10 (2) a private institution of higher education (as defined in
11 IC 20-12-63-3(10)).

12 Sec. 5. As used in this chapter, "student" means an individual
13 who:

14 (1) is enrolled on a full-time basis as an undergraduate or
15 graduate student at an institution of higher learning that
16 conducts a certified degree program; and

17 (2) participates in the internship component of a certified
18 degree program conducted by the institution of higher
19 learning.

20 Sec. 6. As used in this chapter, "targeted employment" means
21 employment in any of the following business activities:

22 (1) Advanced manufacturing, including the following:

23 (A) Automotive and electronics.

24 (B) Aerospace technology.

25 (C) Robotics.

26 (D) Engineering design technology.

27 (2) Life sciences, including the following:

28 (A) Orthopedics or medical devices.

29 (B) Biomedical research or development.

30 (C) Pharmaceutical manufacturing.

31 (D) Agribusiness.

32 (E) Nanotechnology or molecular manufacturing.

33 (3) Information technology, including the following:

34 (A) Informatics.

35 (B) Certified network administration.

36 (C) Software development.

37 (D) Fiber optics.

38 (4) Twenty-first century logistics, including the following:

39 (A) High-tech distribution.

40 (B) Efficient and effective flow and storage of goods,
41 services, or information.

42 (C) Intermodal ports.

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1 **Sec. 7. (a) An institution of higher learning that seeks**
 2 **certification for an internship program under this chapter shall**
 3 **submit a request to the commission for certification.**

4 **(b) The commission, in consultation with the department and**
 5 **the commission for higher education, shall establish criteria for**
 6 **certification of a degree program under this chapter. The criteria**
 7 **shall include the following:**

8 **(1) The degree program is operated or administered by an**
 9 **institution of higher learning or a department, school, or**
 10 **program within an institution of higher learning.**

11 **(2) The degree program integrates a particular curriculum or**
 12 **course of study offered at the institution of higher learning**
 13 **with career internships provided by employers.**

14 **(3) The degree program places students in career internships**
 15 **provided by employers in targeted employment.**

16 **(4) The degree program requires participating students to**
 17 **meet certain academic standards.**

18 **(5) The degree program requires employers to provide to**
 19 **participating students the:**

20 **(A) supervision; and**

21 **(B) payroll and personnel services;**

22 **that the employers provide to their regular part-time**
 23 **employees, if any.**

24 **(6) The degree program is designed to provide an internship**
 25 **experience that enriches and enhances the classroom**
 26 **experience of participating students in the field of the targeted**
 27 **employment.**

28 **(7) The degree program requires employers to comply with all**
 29 **state and federal laws pertaining to the workplace.**

30 **(8) The degree program complies with any other requirement**
 31 **adopted by rule by the commission after consultation with the**
 32 **department.**

33 **Sec. 8. A certified degree program may allow a student to**
 34 **participate in an internship at any time during the year, including**
 35 **the summer, as long as the student remains enrolled at the**
 36 **institution of higher learning that operates or administers the**
 37 **certified degree program.**

38 **Sec. 9. The commission may award to an eligible student a grant**
 39 **under this chapter in addition to a grant under IC 20-12-20.3-8. If**
 40 **the commission awards a grant under this section, the commission**
 41 **shall award the grant in an amount determined by the commission**
 42 **for academic credit to fulfill the internship component of a**

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1 certified degree program.

2 **Sec. 10. The commission, in consultation with the department**
3 **and the commission for higher education, may adopt rules under**
4 **IC 4-22-2 to implement this chapter.**

5 SECTION 5. [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]

6 (a) As used in this SECTION, "department" refers to the
7 department of workforce development.

8 (b) The credit against a taxpayer's state tax liability provided
9 under IC 6-3.1-25, as added by this act, applies to taxable years
10 beginning after December 31, 2002.

11 (c) Notwithstanding IC 22-4.1-7-8, as added by this act, the state
12 student assistance commission, in consultation with the department
13 and the commission for higher education, may adopt temporary
14 rules to implement IC 22-4.1-7, as added by this act, in the same
15 manner as emergency rules are adopted under IC 4-22-2-37.1.

16 SECTION 6. An emergency is declared for this act.

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